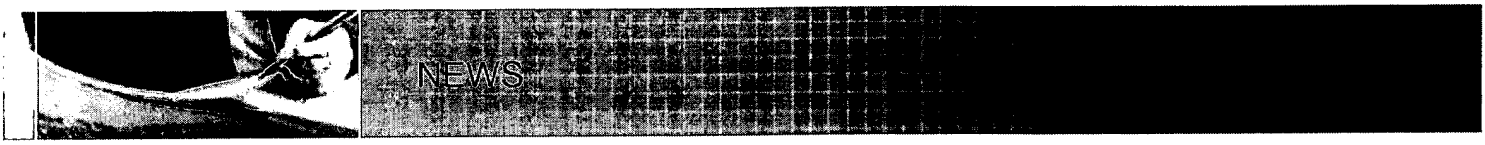
Xencor



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> Xencor and Protein Design Labs Initiate Partnership for Optimized Antibodies

PDL licenses Xencor XmAb™ technology to enhance antibody activity

Fremont, Calif. and Monrovia, Calif. – January 12, 2004 – Xencor and Protein Design Labs, Inc. (PDL) (Nasdaq: PDLI) today announced a licensing and collaboration agreement to create monoclonal antibodies with greatly enhanced potency. The multi-year collaboration will allow PDL to use Xencor's XmAb™ technology on a number of pre-clinical stage PDL antibodies against a number of PDL's proprietary targets. The XmAb™ technology consists of a suite of engineered Fc domains that can be applied to any antibody to control the recruitment of the immune system's effector functions and for oncology applications, to greatly increase antibody-mediated tumor killing.

Xencor will receive technology access and license fees, development milestones and royalties. PDL will be responsible for development and commercialization of the resulting products. Financial terms were not disclosed.

"Xencor is delighted that PDL, a leader in the discovery and development of antibody therapeutics, is partnering with us to apply the XmAb™ technology to a significant number of antibodies in a multi-year relationship," said Harry Stylli, Ph.D., President and CEO of Xencor. "Xencor's Fc modifications recruit immune effector function greater than 100 times more potently than wild type antibodies and can be applied to any antibody in a plug-and-play fashion, thereby creating multiple collaboration opportunities. XmAb™ technology creates a new therapeutic dimension for antibodies that will be relevant for a range of disease areas including oncology, inflammation, transplantation and infectious diseases." Dr. Stylli added, "We are establishing a leading IP position in controlling antibody interactions with the antibody receptor families that modulate the cell-based and complement arms of the immune system."

Mark McDade, Chief Executive Officer, PDL, said, "The Xencor partnership is an excellent fit within our overall research strategy. Our goal is to access a broad range of methodologies at the research stage that have potential to enhance antibody performance. We anticipate that the XmAb™ technology, in combination with our increasing pool of novel, cancer-tissue selective targets will complement and further extend our ability to exploit those targets, in the form of interesting new therapeutic approaches."

About XmAb™ Technology

Xencor is designing the constant Fc domains of monoclonal antibodies using Protein Design Automation® (PDA®) technology to improve their biochemical and cell biological characteristics, an approach applicable to antibodies against any target antigens. The XmAb™ platform improves numerous properties of antibodies including enhanced antibody mediated tumor cell killing, improvement of structural stability and reduced immunogenicity. The Company has created a suite of Fc variants with therapeutic properties such as improved tumor cell killing that can be inserted into any antibody.

About Xencor

Xencor is a preclinical-stage company that discovers and develops protein therapeutics using its proprietary rational protein design platform. Xencor's platform applies high performance computing and advanced molecular biology to rapidly discover drug candidates with novel mechanisms and improved safety and efficacy. Xencor is a privately held biopharmaceutical company located in Monrovia, Calif. Additional information is available at www.xencor.com.

About Protein Design Labs

Protein Design Labs is a leader in the development of humanized antibodies to prevent or treat various disease conditions. PDL currently has antibodies under development for autoimmune and inflammatory conditions, asthma and cancer. PDL holds fundamental patents for its antibody humanization technology. Further information on PDL is available at www.pdl.com.

With Regard to Protein Design Labs

The foregoing contains forward-looking statements involving risks and uncertainties and actual results may differ materially from those in the forward-looking statements. These risks and uncertainties include, but are not limited to, PDL's ability successfully to collaborate and develop potential products from the collaboration. Factors that may cause such differences are discussed in PDL's Annual Report on Form 10-K for the year ended December 31, 2002, in its quarterly report on Form 10-Q for the period ended September 30, 2003, and in other filings made with the Securities and Exchange Commission. The information in this press release is current as of its release date. PDL specifically disclaims any duty to update the information in this press release.